Wi$e Up Teleconference Call  
September 30, 2005  
Facing a Financial Crisis  
Speaker 5 – Nancy Montoya

B. Lyle  
Thank you, Robin. [I am] Beverly Lyle, Regional Administrator, [Women’s Bureau] Region VI, and Wi$e Up co-team leader. Once again, if you have questions that are not answered this morning, you may ask your questions to experts@wiseupwomen.org. Our next speaker is Nancy Montoya, Community Development Manager for the Federal Reserve Bank of Atlanta. Based in New Orleans, she covers the southern portion of Louisiana and Mississippi. In addition to providing expertise to community groups and financial institutions on all aspects of affordable housing, she is currently concentrating on promoting personal financial education for adults and children, community development finance training, supporting the development and implementation of individual development accounts, both locally and nationally, and fostering bank partnerships in her market. Ms. Montoya.

N. Montoya  
Thank you. I guess I’m just hitting on a few things that hadn’t already been discussed, but having actually stayed for the hurricane, I can speak from personal experience that some of the things that people talked about we think about in hindsight, and they just don’t seem to have as much importance. But when
you’re right there, they really are critical. And it might sound very minor, but the issue of having cash is incredibly important because even if you do stay and you work through a disaster and you’re there after the disaster, your ATM cards, all of your electronics, are down, communication of any sort is extremely difficult, and so the need to have cash is very, very important. In the disaster area itself, it’s probably going to be almost useless, which is going to bring up the next couple of points that I have, but once you get out of town and you can get to a place where you need gas or you need food or other kinds of supplies, that cash is going to be very important.

The second thing is gas. And I think we saw that not only in New Orleans but also in the wake of Hurricane Rita. A lot of people were stuck in traffic and they ran out of gas, and so aside from the fact that you can’t get out of there, we’re having to push cars to the side and whatnot. So I do think that having extra gas cans and extra gas is extremely important.

Don’t underestimate yourself in terms of what you’re going to need to take care of yourself. Bringing food and water is incredibly important. I think a lot of people in New Orleans expected that the troops were going to be there to save us within a
couple of days. Obviously, what that just pointed out is that you have to be prepared for any kind of an emergency. So don’t neglect the non-perishable food and water issue, as well as identification. I think a lot of us left, and we expected that we were going to be back within a couple days, and obviously that wasn’t the case. Make sure that you have identification, because in some cases, it’s going to be necessary, especially when you’re talking to financial institutions about reopening or closing banking accounts and whatnot. They are going to ask for some identification, and not just one form of identification, but two or three.

The rules get a little bit more flexible. We respond to emergencies as well as we can, but also, that’s very important. And then again, we talked about the paperwork aspect. A lot of other folks have talked about that, and I would encourage you not only to have that available in your house, but especially when it comes to pictures and really important documentation, maybe send it to somebody offsite so that you know it’s protected. Especially when it comes to pictures and things like that, if you have a fire, that’s gone. A lot of people lost their pictures, their inventories, because of flood that they weren’t anticipating. So you might want to think about sending that information offsite.
Afterwards, after you’ve taken care of your immediate needs, a couple of the financial issues that you need to be careful of are things like predatory lending. And pretty much when I talk about predatory lending, people are going to prey on your vulnerabilities and the fact that it’s very hard to focus and you’re looking for assistance wherever you can on those issues. So for example, we’ve seen people in shelters who were posing as FEMA officials, getting very personal information such as Social Security numbers and credit card numbers and things like that. And they’re using that for the purpose of stealing identities. So identity theft and predatory practices are really important.

The one thing I can tell you that proves true time and time again is that if it’s too good to be true, it isn’t. So you really need to step back from your immediate needs, step back from all of that confusion, and think over those kinds of offers that come at you, either via mail or via Web site or even people knocking on your doors. We’ve seen a lot of predatory practices and shoddy construction practices that come from people knocking door to door. So you have to very much be aware of that. I think it’s even tougher after a disaster situation because people are so very vulnerable at that time.
It also highlights that there are some real pros and cons to having traditional banking services. For those people that we work with or even people who might be listening, now might be the time that you want to be looking into some kind of traditional banking services, if for no other reason than having direct deposit, for example, if you have an employer that is willing to continue paying you through a disaster or you need to get money quickly into your account, or you’re at a temporary location and you’re not sure if that address is going to be yours for a while, so where do you get your paper checks. The issue of having a traditional banking account so that you can get deposits made safely and that you know your cash is safe and that you can have access to those funds after you get out of the disaster area I think is something for all of us to be looking at.

I can tell you that those of us that applied to FEMA online--and we had a routing number and a bank account--generally got our assistance faster than the rest of the folks. And we also didn’t have the same issue with debit cards, some of the problems that folks were having with debit cards. So now may be the time to just be looking at some kind of a lifeline account.
The other thing I want to mention is a lot of people get very panicky during any kind of a disaster and they’re worried about getting their money out of their bank. And so if you were working with these folks or you yourself, you need to know that if your financial institution is FDIC-insured, your cumulative deposits in that institution are completely insured up to $100,000. So there’s the immediate need for cash, but there’s also the psychological frustration of not being able to get your hands on the actual cash, and you need to know that your dollars are protected. A lot of our financial institutions, their communications systems are going to be down. In many instances their branches are flooded or maybe even blown away, and the banks are doing everything they can to make sure that you have access to your dollars and access to your information as soon as possible and as quickly as possible. But in the interim, you need to know that your money is safe with FDIC-insured institutions.

Just a couple more little points as I was coming through. One of the preparedness emergency first aid kits that are available—the one that I had been looking at is the one that is put together by the Hope Coalition of America, and it can be used in conjunction with the Red Cross financial disaster recovery information that’s available on the Web site or I think maybe even [in] hard copy.
But they’re both excellent publications. The emergency first aid kit is available at www.citizencorps.gov. Also want to encourage you to bring your battery chargers for your cell phones because again, communication is just absolutely critical. Most people are willing to share their phones, but it’s kind of hard when your battery goes dead.

I also want to encourage people to use the annualcreditreport.com to review their credit and check themselves over for identity theft and just to make sure that it’s correct. It’s good financial practice, especially in light of a disaster like this. I think the point about not running out and charging up your credit cards or even spending more than you need to, even for your immediate needs, is very important. Try and exhaust all other resources because you really need to conserve cash at this time. You don’t know what it’s going to look like, what kinds of things are going to be covered, what kinds of things are not going to be covered. So we really should be even more, in some ways, [in] a fiscally conservative mode after disasters to make sure that we really have a solid foundation for rebuilding.

If you’re working with your creditors, whether it be mortgage companies or credit card companies or finance companies, if you
have those conversations with them, get it in writing. Get a fax number where you can fax it over to them and then get the confirmation to make sure people received it, because quite often what’s said over the phone is not always what continues to stay with your record. And sometimes people give conflicting information, not meaning to but the training needs are just not there or the training to have everybody reacting the same way in terms of an emergency is not there. So make sure that whatever conversations that you have with your creditors you get in writing and you make sure that they get a copy of it and you keep a copy of it.

Another thing that wasn’t really mentioned, they of course relaxed some requirements for this, but in your emergency medical kit you need to be looking at your kids’ immunization records as well because that’ll make it a lot easier when they get to school. And it will also help them avoid some pain if they’ve already been through their immunizations.

And after a disaster, quite often--especially in a flood like this--one of the helpful hints that somebody had recommended if you’re going back in afterwards is to spray paint or put a big sign on your house for the insurance company that you’re insured with to make
it easier for them to find your house. If you’re looking for very
good practical tips on how to deal with insurance companies and
the difference between flood insurance and homeowners policies,
etc., you can go to www.theinfozone.com, and they have a very
good article there from an insurance adjuster that talks about how
you work with those two entities together.

I also want to say, “Don’t neglect the seniors in your household in
terms of helping them with their pre-need planning, their financial
planning.” Had a very personal instance of a fellow employee who
recently moved in with their father because their father was aging
and losing his faculties and whatnot. They had thought that he had
gone in and gotten flood insurance on the property and come to
find out, he didn’t. He was elderly and couldn’t recall this. So, as
a result, the whole household is affected by this. So don’t forget
your seniors or those who are most vulnerable when you’re doing
this kind of planning for your family.

Consumer reports--www.consumerreports.org--has a very good
Hurricane Katrina disaster recovery Web site that covers
everything from identity theft to low-ball bids with contractors.
I’d recommend that you take a look at that, and that should be in
your tool kit. For those of you who are providers out there, I want
to encourage you that when it comes time for January, using the Earned Income Tax Credit, the volunteer information tax assistance sites, that you give education and financial advice to Katrina evacuees and even any folks that have been affected by a disaster is an excellent opportunity, because people are much more open at that time to receive financial information help. That’s not always the case when we’re doing that free income tax preparation. But I think that there’s a tremendous opportunity for us to extend our help and really help people build up their assets. Not just replace their assets, but really take this opportunity to build on something more, moving forward into the future.

And I think that’s about all I had. So I’m just going to turn it back over to everyone else.